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Office of the Secretary

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There are significant benefits for U.S. agriculture in the agreements that have been reached or are nearing conclusion in the trade negotiations in Geneva. But before discussing these, I want to take a little time to suggest that when we talk about agricultural trade in this country, we are talking about one of the most important elements in the national economy--for everyone, not just farmers.

Agriculture is our biggest industry, with assets of about $800 billion and production expenditures last year of more than $100 billion. Agriculture and its related enterprises--transportation, processing, distribution, retailing and exporting--generate one-fifth of all the jobs in this country.

Growth in this industry over the past 10 years has been based largely on agricultural trade. During this period, while the U.S. share of the world markets for all exports was declining from about 23 percent to 14 percent, the U.S. share of world agricultural trade rose from 13 percent to 17 percent.

Agricultural exports in fiscal year 1978 reached $27.3 billion. That is over four times more than in 1968 and it is a record total for the ninth straight year. It represents about one-fifth of all U.S. exports.

Excerpts from remarks delivered by Bob Bergland, Secretary of Agriculture, U.S. Department of Agriculture before the U.S. Chamber of Commerce Conference on Results of Tokyo Round, Washington Hilton, Washington, D.C., January 25, 1979, 10:00 a.m.

For farmers, export trade has meant the difference between growth and stagnation. Over the past six years, for example, U.S. production of wheat, feedgrains and soybeans has increased by 44 million tons, and 43 million of those tons went to fill export demand. Last year, over half the U.S. production of wheat and soybeans was marketed overseas, and for some commodities the ratio is even higher.

In terms of the labor force, agricultural exports alone provide more than one million full-time jobs, on and off the farm. For business, farm exports generate more than one-fifth of farm income, which goes to buy equipment, supplies and consumer goods on which our industrial economy is based.

As a contribution to the stability of the dollar, U.S. agricultural trade has been in surplus every year for well over 10 years. While non-agricultural trade has gone from a surplus of $855 million in 1968 to a deficit of $48.2 billion in fiscal 1978, agricultural trade has moved from a surplus of $1.7 billion to a surplus of $13.4 billion in the same period.

I could go on, but I think I have made my point: that the results of the agreements in Geneva for agriculture are important to every person in this room and in this country.

The gains that have occurred in world agricultural trade and in the U.S. share of that trade have been made in a market that has become increasingly protectionist. The purpose of the multilateral negotiations was to halt the drift toward protectionism, and turn it around, if possible. We in agriculture are pleased with the importance that the administration placed on agriculture in the negotiations, and if the agreements are completed as we expect, Ambassador Strauss will have kept his pledge that any package he brought back would include meaningful gains for agriculture.

In the area of market access for agriculture, negotiations have been substantially completed with all the developed countries, and it is likely that negotiations with a number of developing countries will be completed within two or three weeks.

The agreements with the developed countries represent a reduction in trade barriers on about $3 billion in U.S. agricultural exports. The U.S. will receive important concessions on soybeans, our leading export commodity; and on beef, pork, citrus, tobacco, and many other products--about 150 in all.

Offers from our two leading trading partners--the European Community and Japan--make up the largest share of the gains. The Japanese have made concessions covering agricultural exports worth about $1.5 billion, including citrus, beef and soybeans. EC concessions cover about $700 million in U.S. exports of beef, poultry, tobacco, rice and fruit products.

For these gains, we had to make some concessions ourselves, and they touch some sensitive areas. But we have kept them fairly modest, and the result will be an overall substantial benefit for agricultural trade.

The Geneva package will include several international codes that have been negotiated to bring some discipline to the use of nontariff devices that disrupt international trade. Most important to agriculture is the code on subsidies.

Subsidized exports by other countries have been a problem for U.S. agriculture in our own and third country markets. There is little redress, except to subsidize our own exports, which is costly and contributes to further distortions in trade. The new subsidy code prohibits the use of subsidies to gain an undue share of a third country market or to materially undercut prices. This code will give U.S. agriculture rights in the international market that we did not have before. It will enable us to call the offenders to account, to present the case against them and get the dispute settled within 120 days.

Parallel to the multilateral trade negotiations, we have been negotiating a new international arrangement for grains. Negotiations were resumed this week after a recess in which some difficult issues were resolved informally. Some problems remain, but we believe a worthwhile agreement is in sight.

For wheat, we are working for a trade convention that will provide cooperation beween wheat importing and exporting countries alike. The objective is for all to work together to assure adequate food supplies and to adjust to surplus or scarcity without price chaos to producers and to consumers. For the first time, all countries--not just the United States--would adjust production t and use to avoid extremes in the world market.

We will also be discussing, separately, a consultative arrangement in coarse grains.

I do not want to oversell the gains for agriculture in these negotiations. We did not get all we wanted; we did not get all we asked for. But we have made significant progress from where we were when these negotiations started.

The agreements that we expect from Geneva will not bring an immediate surge in our agricultural exports. The package has not changed our estimate of agricultural exports for this fiscal year--which is $29 billion, with a $15 billion net contribution to the nation's balance of trade. What it does do, is open the door a little wider for this nation's leading export growth industry to put its magnificent productive capacity to fuller use.

The economic implications of the agreements at Geneva can't be measured. To say, as I did, that the concessions we got from the developed countries involved $3 billion in exports is a measure of their value today, not what this trade will mean in the future. In 1963, for example, the U.S. came away from the Dillon Round of trade negotiations with a duty-free binding on soybeans to the European Community. It covered $705 million in soybeans exports.

We have made that duty-free binding stick and today those soybean exports to the EC are worth over $2.5 billion yearly. The beef concession we are getting from Japan e covers trade that was worth only $100 million-plus last year. But that was double the preceding year, and Japan is an affluent nation of more than 100 million consumers. They like quality beef, but they eat only 8 pounds of beef per capita yearly because government policy keeps them from getting more. The increase in quotas that was negotiated is one more step toward tapping the unfulfilled demand in that market.

The subsidies code reduced the unfair advantage our competitors have had through the use of subsidies in markets for grains worth nearly $12 billion last year; and others in the Southern Hemisphere become larger factors in an oilseed trade worth almost $8 billion to the United States last year.

The wheat agreement will remove from U.S. farmers the full burden of taking from production acreage sufficient to adjust the world wheat oversupply more nearly to world demand and from the U.S. taxpayer the program cost of those adjustments. All farmers and all countries will share the burden.

As I have indicated, the long-term impact of these agreements can't be measured in dollars and cents. But they can be measured in improved export opportunities for U.S. agriculture, and on that basis, the rewards can be substantial.

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